

Message Text

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ORIGIN L-01

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EUR/WE - MR. SWIHART
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FM SECSTATE WASHDC
TO AMEMBASSY ROME IMMEDIATE

C O N F I D E N T I A L STATE 131106

LIMDIS

E.O. 11652: GDS

TAGS: EGEN, EINV, UN, ECOSOC

SUBJECT:INTERNATIONAL AGREEMENT ON ILLICIT PAYMENTS

REF: ROME 9311

1. WE ARE PLEASED YOU WILL HAVE OPPORTUNITY TO RAISE
ILLICIT PAYMENTS ISSUE WITH FOREIGN MINISTER TOMORROW AND
WISH TO PROVIDE YOU WITH SOME FURTHER BACKGROUND. WHEN
BRIBERY SCANDALS FIRST BROKE ITALY WAS ONE OF FIRST
COUNTRIES TO EXPRESS SUPPORT FOR U.S. INTERNATIONAL
INITIATIVES TO DEAL WITH PROBLEM. HOWEVER, IN JANUARY OF
THIS YEAR GOI APPARENTLY REVERSED ITS POSITION. IN
FEBRUARY WORKING GROUP MEETING GOI PROPOSED THAT ANY
AGREEMENT ON BRIBERY BE EXPANDED TO INCLUDE BROAD RANGE
OF ECONOMIC ISSUES WHICH COULD BE EMBRACED UNDER GENERAL
HEADING CORRUPT PRACTICES. AN ITALIAN OFFICIAL CAME TO
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NEW YORK TO MAKE THIS PROPOSAL, WHICH TRACKED IDEAS OF MOST
DIFFICULT LDC'S, AND WAS RECEIVED BY WEO'S AS BIZARRE.
SINCE THAT TIME GOI HAS TAKEN CONSISTENTLY NEGATIVE TONE
SUPPORTING VARIOUS EFFORTS TO AVOID PROGRESS IN THE WORKING
GROUP AND SHOWING NO ENTHUSIASM FOR SERIOUS CONSULTATIONS
WITH THE U.S. IT IS STRIKING THAT GOI IS THE ONLY WESTERN
GOVERNMENT OPENLY TO STATE THAT IT DOES NOT THINK

CONSULTATIONS AT THIS TIME WOULD BE USEFUL.

2. WE DO NOT KNOW REASONS FOR REVERSAL OF GOI POSITION BUT EXPECT IT IS RELATED TO INTERNAL DC PROBLEMS. WE HOPE YOU WILL BE ABLE TO PERSUADE GOI THAT U.S. PROPOSALS ARE NOT ONLY SUBSTANTIVELY SOUND BUT WILL TEND TO MODERATE RATHER THAN INFLAME BRIBERY ISSUE. ALL AFFECTED GOVERNMENTS ARE UNDER STRONG DOMESTIC POLITICAL PRESSURE TO TAKE ACTION ON THIS ISSUE. A CREDIBLE INTERNATIONAL AGREEMENT WOULD BE ONE MEANS OF ASSURING PUBLIC OPINION THAT SERIOUS REFORM IS UNDER WAY. MOREOVER U.S. IS INTERESTED IN SUBSTANTIVE PROPOSALS WHICH WOULD DETER ILLEGAL ACTIVITY IN THE FUTURE AND NOT STIMULATE POLITICAL INVESTIGATIONS OF PAST BEHAVIOR.

3. WHEN TALKING WITH FOREIGN MINISTER AND OTHER SENIOR GOI OFFICIALS, YOU SHOULD EMPHASIZE IMPORTANCE PRESIDENT CARTER ATTACHES TO THIS ISSUE. THE U.S. IS DETERMINED TO PRESS ITS PROPOSALS AND IT WOULD BE HARMFUL TO ALL CONCERNED IF ITALY WERE TO BE PERCEIVED AS OPPOSING EFFECTIVE INTERNATIONAL ACTION ON BRIBERY. IN PURSUING THIS DISCUSSION YOU SHOULD BE MINDFUL OF POSSIBILITY THAT GOI MAY SUSPECT USG MANIPULATION OF BRIBERY ISSUES SUCH AS RECENT "WALL STREET JOURNAL" EPISODE TO BRING PRESSURE ON GOI AND OTHERS TO SUPPORT U.S. PROPOSALS. WE HAVE NO EVIDENCE OF THIS BUT ARE CONCERNED. IN FACT, WE HAVE NO SUCH INTENTION AND HAVE MADE EVERY EFFORT TO COOPERATE WITH THE GOI IN ITS MISERIES.

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4. FINALLY, YOU CAN COUNTER SUGGESTIONS THAT LDC'S ARE REAL PROBLEM FOR U.S. BY NOTING THAT SEVERAL LDC'S, E.G., IRAN, STRONGLY SUPPORT U.S. INITIATIVE. VANCE

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